

Edwards: House Passes Credit Cardholders' Bill of Rights To Protect Families from Unfair Rate Hikes, Penalties, and Overcharges

(Washington, D.C.) -- U.S. Representative Chet Edwards supported House passage of H.R. 5244, Credit Cardholders' Bill of Rights, to provide common sense protections for consumers against credit card practices that the U.S. Federal Reserve has called "unfair, deceptive, and anti-competitive." The bill passed by a strong bipartisan vote of 312 to 112 and now moves to the Senate.

"In a slowing economy, this bipartisan legislation will protect hard-working families from credit card practices that unfairly raise rates, fees, penalties, and overcharges that deepen the debt crisis in this country," said Edwards. "By putting in place common sense regulations, we can help growing numbers of hard-working families who are having trouble keeping up with their payments due to deceptive practices by credit card companies."

Consumers nationwide are facing excessive credit card fees, sky-high interest rates, and unfair, often incomprehensible agreements that credit-card companies revise at will. The Credit Cardholders' Bill of Rights puts into place common sense regulations and oversight that address the growing debt crisis by:

- Ending unfair, arbitrary interest rate increases, by requiring ample notice before rate hikes and permitting lenders to raise rates on existing balances only if minimum payments are more than 30 days late (except for increases caused by changes in stated variable and introductory offers).
- Requiring credit card companies to give 45 days notice of all interest rate increases so consumers can pay off their balances and shop for a better deal.
- Ending penalties on cardholders who pay on time, like charging interest on already repaid debt.
- Protecting consumers from due date gimmicks by requiring credit card companies to mail bills 25 days before the due date (instead of 14).
- Ending the credit card practice of applying consumer payments to lower interest debt first.
- Prohibiting card companies from knowingly issuing cards to individuals under 18 who are not emancipated minors.

Credit-card debt in the U.S. has reached a record high —nearly \$1 trillion -- and the average American household's debt from credit cards has risen from \$2,966 in 1990 to \$9,840 in 2007. In 2007, credit-card issuers imposed \$18.1 billion in penalty fees on families carrying credit card balances—up more than 50% since 2003 and accounting for nearly half of the \$40.7 billion in industry profits. This year, card companies will break all records for late fees, over-limit charges, and other penalties, pulling in more than \$19 billion.

“It is up to individuals and families to exercise personal responsibility and to not get over extended on their credit cards, but credit card companies should not be able to treat consumers unfairly,” said Edwards.

Edwards serves on the House Budget Committee